

African Union

- **Africa:** Britain's decision to leave the EU will fundamentally affect Africa's relationship with Britain. It will have an impact on trade, aid and diplomacy. And, with Britain going it alone, the moderating influence of the EU will be lost. The EU offers an important commitment to internationalism, social freedoms, human rights and inclusive global development, and the UK has contributed to this positioning. The UK is an important trading partner with Africa, and deals with the EU govern much of this. All these arrangements have to be renegotiated bilaterally with each of the other 162 WTO members. It will be a slow and costly readjustment, creating much uncertainty. The UK has been a substantial contributor to the EU aid programme, providing €2 billion, including 14.8% of the European Development Fund. Perhaps more important than the flows of cash, is the influence of the UK on European development debates. The UK has always added to the discussion about, for example, the impact of EU domestic farm subsidies on African agriculture or the importance of debt cancellation in the poorest countries. David Cameron's successor matters in Africa too. Boris Johnson is at the head of the race and his attitudes to Africa can only be described as backward and colonial. For more information, read [here](#).
- **CAS View:** CAS last week referred to an article in which Brexit was positioned as something positive for Africa. Following the referendum, it now seems that Brexit will be bad for Africa. Time will tell. But it does seem that quite a number of the "leave" voters are now not so sure that leaving the EU was such a good idea. There are now talks about having a second referendum! This does not create such a good picture of the mindset of the UK population at large. It is also clear that Scotland is adamant that they want to remain in the EU. Having a referendum about Scotland leaving or remaining in the UK is therefore not that far-fetched, and if current sentiment is anything to go by, the UK as we know it will no longer exist. Generally speaking, in the short-term Brexit will in all probability be bad for the world and Africa. What it will do in the long-term, is not that clear at this stage. Johnson has now indicated that he is not available for the position of prime minister. Overall, this has created uncertainty, and in such times, investors will stay away from risky assets, which could hurt quite a number of African countries. Having said that, there are those who maintain that systemic risk from China will be more detrimental for Africa than Brexit. This would include a sharper-than-anticipated pace of economic slowdown, or sectoral rebalancing.
- **Africa:** In 5 of the 10 years since it was launched in 2006, the Ibrahim Prize for Achievement in African Leadership of \$5m and a \$200,000 pension was not awarded, including 2016. But as Mo Ibrahim wryly points out, any African leader bent on wealth accumulation can do much better than that. He ventures that few, if any, western leaders would have won this year. To hold African leaders to a lesser standard, would be to demean the prize and subject Africa to low expectations. One of the purposes of the prize is to highlight the achievements of unsung heroes in Africa where we all too often think of leaders as either monsters or thieves. Africa's problems are more severe and complex than in many continents and African leaders have fewer resources with which to tackle them. Leaders who do well in such circumstances are exceptional. But is African leadership slipping back? Not so long ago, it appeared to be on an upward trend. Now, in SA Jacob Zuma makes the brilliant, if deeply flawed, Thabo Mbeki a figure of nostalgia. In Angola, José Eduardo dos Santos' government has squandered the country's oil patrimony while busily enriching itself. In the DRC, Uganda and Burundi, leaders are clinging on beyond their sell-by dates. For more information, read [here](#).
- **CAS View:** This is a tragedy for Africa. It is in severe need of exceptional leaders. In some countries, bad leaders take power and keep on to it by means of force. In others, they are elected. Why is this? Surely there is a deep enough pool of good leaders in Africa so that Africa does not need to struggle with this phenomenon? In cases where authoritarian leaders use force to cling to power, not much can be done by the electorate. But what can

the AU do? Or would this be classified as an internal matter? Should it be? But then you get the case of Jacob Zuma, who has been democratically elected as president. How does he manage it? There are so many factors counting against him, but they all seem to be of no significance. David Cameron resigned because of the vote in Brexit. Zuma had rape charges against him, as well as about 700 charges of corruption, that have technically now been reinstated by the High Court in SA. The Constitutional Court ruled that he failed to uphold the constitution in the case of the findings of the Public Protector on Nkandla, his private house. He now needs to repay R7m. He was responsible for billions of rands of value destroyed when he fired his finance minister at the end of last year to replace him with an unknown backbencher. In the many countries of the world, West and East, this would have led to him vacating the position of president. And yet the ANC still clings to him. The question is why? What hold does he have over his party's leaders? Is it only because the ministers are beholden to him for their positions? Surely there should be people with a greater depth of character?

- **Africa:** Local and international rolling stock manufacturing and leasing companies are investing billions in African rail infrastructure to increase their presence on the continent and tap into rail's huge growth potential. All studies conclude that if Africa had an integrated rail network system, the cost of doing business would be reduced since distribution hubs would be linked to production centres. Rail investment is therefore critical to the economic growth and competitiveness of the continent. Most countries' creditworthiness allows them only to use international financial institutions such as the World Bank and AfDB for their lower interest rates. To build an industrial base for the continent, it needs technological partners. Supply chain industrialisation and growth must be the area of focus; policies must maximise local value-add, and spillovers from FDI, as well as tackle the fickleness of OEMs. SA is the hope for rail excellence in Africa and it must therefore start to co-ordinate its research centres of excellence. The academic community must also start to support and promote SA's knowledge base and articulate its relevance to the development of rail infrastructure in Africa. For more information, read [here](#).
- **CAS View:** Historically Africa's rail infrastructure has never been good. Transporting goods from main centres to distribution points has therefore mainly been done by means of road transport. This has led to a number of problems: traffic congestion and fatal road accidents, deterioration of road infrastructure, time lost to slow pace of transport, and higher costs. Transporting goods that need refrigeration, as well as the movement of the population, is also problematic and costly. Rail would greatly reduce the effects of these problems. It might be said that in some countries governments are doing exactly this. In Tanzania, Kenya, and Ethiopia, to name but a few, extensive projects are underway to improve the rail systems. Much more needs to be done. One aspect that needs attention is security on passenger trains, ironically in South Africa in suburban trains. Although an area of concern for Africa, the development of the rail infrastructure does present an investment opportunity, albeit at G2G level.

East Africa

- **East Africa:** East Africa's angel investment scene is rising, but slowly. Venture capital is all about early-stage, high-potential, high-risk, growth startups. East Africa's venture capital scene mostly consists of a mix between a couple of local firms and international non-profit impact funds. Some of the angel investors and venture capital firms already doing business in East Africa, include Hilda Moraa, who co-founded Weza Tele; Nailab, investing in digital jobs platform Kuhustle; the Angels Initiative Uganda provides solutions that optimize enterprise growth in Africa; African Business Angel Network (better known as just ABAN) is a pan-African non-profit association founded to support the development of early-stage investor networks across Africa and to get many more (early-stage) investors excited about the opportunities in Africa. Angel investing in Africa can make a big difference to economies there. These are some of the other venture capital firms investing in East Africa: Accion Venture Lab,

Acumen Fund, Intel Capital, Village Capital, the Mara Foundation, Fanisi Venture Capital, Clifftop Colony, the Savannah Fund, the Omidyar Network, Nest, 1776, and Seedstars World. For more information, read [here](#).

- **CAS View:** Africa is in need of massive infrastructure development. In addition, it needs to create jobs to deal with high unemployment figures, especially amongst the youth. It does see a trend of urbanising and a growing middle class. Frequently one also sees social instability due to frustration with governments' inability to provide in these needs. Governments, such as in Tanzania and Ethiopia, are actively encouraging their populations to become entrepreneur. A major problem with startup entrepreneurs is a lack of knowledge and finance. This is where the angel investors can play a meaningful role. The opportunities are there, and they are many. And they are not only in East Africa, but can be found throughout Africa. These entrepreneurs do not only provide jobs for themselves, but for a number of other people as well. One such an example in South Africa is Lufefe Nomjana, also known as the Spinach King, who started Espinaca Innovations. For more information, read [here](#).

North Africa

- **North Africa:** Five years after the Arab Spring, north Africa continues to have its geopolitical and macroeconomic challenges. Unrest was spurred by lack of economic growth and social reform. This has been exacerbated by a slowdown in tourism following several terrorist atrocities. However, the region continues to generate strong returns, driven by the fact that North Africa is home to the largest concentration of Africa's growing middle class, accounting for more than 40% of the total residing in the region. These consumers earn between \$2 and \$20 per day. The population is also extremely young. The fundamentals driving investment in north Africa remain largely intact, driven by middle class consumer demand for goods and services. The purchasing power is there. This has spilled over into other sectors such as financial services and healthcare, including pharma. There has also been a significant benefit from the decline in commodity prices, especially oil, which has helped public finances. Tunisia is also due to benefit from injections of economic aid from the international community. The economic prospects of the region will be further driven by the young population and its strategic location, connecting Asia and Europe. For more information, read [here](#).
- **CAS View:** Before the Arab Spring of 2011, North Africa, with probably the exception of Libya, was seen as an area of investment. Egypt was specifically highlighted as a preferred investment destination. After the Arab Spring, the region has lost a lot of lustre. However, in spite of the challenges and the risks that the region faces, it is clear that there is a lot of potential, built on the huge middle class (40% of Africa's middle class is in North Africa). To be fair, defining those who earn between \$2 and \$20 can hardly be called middle class, and others have referred to this grouping as a consumer class. The bottom line is that they do present a group of people that will drive consumer spending. The benefits of the region will be difficult to unlock if the political domain does not stabilise. Power vacuums in a country such as Libya is creating instability, that currently seems to be exploited by ISIS. The region cannot afford this. The same goes for Tunisia and Egypt. The recent air disasters in Egypt has hurt its tourism industry severely. One question that comes to mind, is when are the powers of the world going to do something about ISIS? The latest attack in Turkey's Ataturk Airport in Istanbul is but one of so many atrocities committed by this extremist group.

Southern Africa

- **South Africa:** There are foreign investors who are eager to invest in SA's mining industry, but are holding off until the regulatory environment is more favourable. The Department of Mineral Resources is due to release a 3rd version of the mining charter soon as the period for public comments closed at the end of May. This will not be

the final version and there is no telling when the critical policy document will be finalised. The industry spends so much time engaging with government on issues, and then the mining minister makes changes and the whole process has to start again. Foreign investors, most being from China, are interested in good projects in countries like Botswana, Namibia, Tanzania and Zambia. Even in cases where investors are eager to come to SA specifically, they would rather wait to see how the policy plans play out. Nobody knows how long the investors will have to wait, but what is certain is that the South African mining sector, and the economy, needs the investment desperately. Four scenarios that have been developed by Deloitte, include “Failed State”, “We take the medicine for future growth”, “We ride the wave”, and “We miss the next boom”. For more information, read [here](#).

- **CAS View:** Scenarios are equally likely alternative futures. The possible futures are driven by key drivers of change. What is sad is that an important industry such as mining has become a political football in South Africa. What is equally sad, is the degree of uncertainty surrounding the mining industry in South Africa. Surely all should know that foreign investors require less uncertainty before they would invest. However, it does seem that this is not the case in South Africa. According to rumours in South Africa, the previous minister was fired because he actually did his job and did it well – too well by the sound of things. The current minister apparently does not have that problem. Whatever the case, South Africa must embark upon a journey during which regulatory certainty would be an important characteristic. It sorely needs the investments in the mining industry.
- **South Africa:** Francophone Africa offers significant opportunities. Duncan Bonnet, a director at Africa House, said the likes of Cameroon, Côte d’Ivoire and the Democratic Republic of the Congo (DRC) could be used as gateways into larger African markets. The total value of exports into the three countries rose by 68% from 2010 to \$25 billion in 2015. With a market of 20%, South Africa was the largest exporter to the DRC from 2010 to 2014. In 2015, South African exports, comprised 90% of goods procured by the DRC. South Africa holds around 1% of the export market share in the Côte d’Ivoire and even less in Cameroon; however, the bulk of South African exports to these two nations comprise value-added goods. South African companies were hesitant to venture into Francophone Africa due to language barriers, concerns over political stability and the perception that French companies dominate business in these territories. “Going into countries that we’re not linguistically or culturally familiar with shouldn’t be an impediment if you do your homework right and if you’re prepared to put effort in, in terms of your branding, marketing, partners and distribution. Do it properly, just the way you would for Zambia or the UK or anywhere else,” said Bonnet. For more information, read [here](#).
- **CAS View:** Francophone countries have until recently been seen as a group representing challenges that South African countries would prefer to avoid. CAS has been vocal about its positive views of Cote d’Ivoire and also of Senegal. Both these countries currently have very capable leaders. The DRC, in contrast, whilst having a massive market of 70 million people, has a leader that is said to having ideals to run for a third term as president, which is bound to create more instability. This is a serious source of concern, as the situation in Burundi clearly demonstrates what can happen in such cases where the population and the president have different ideas. In spite of this political instability, seen in various countries, understanding the situation and doing your homework in terms of partners, branding and distribution. Tolaram from Singapore, shows clearly what can be done when one does understand the political and business environment. The opportunity in Francophone Africa is a proven one. And it is not only for South African countries.